

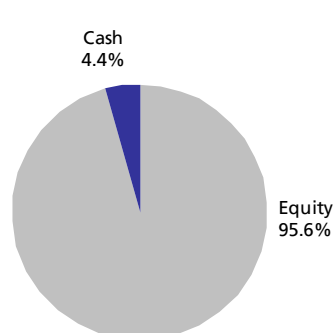
### Manager's Commentary

The spillover from the rest of the GCC markets poor performance led to a decline of 4.1% in the Bahrain All Share Index during the month of August. Volumes were subdued, falling 36% as compared to the previous month. Negative investor sentiment permeated the market amidst a background of global equity market instability. The Bahraini market continued to be significantly less volatile than its peers, as Dubai, Qatar Abu Dhabi and Oman experienced declines in the region of 10-12%.

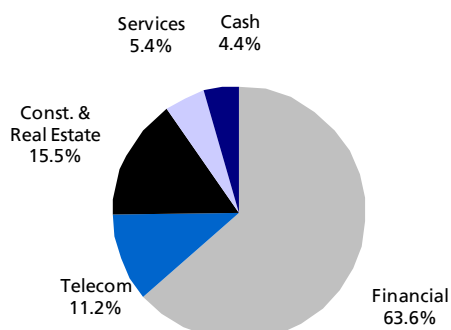
The NAV of SICO Selected Securities Fund decreased by 3.2% in August. Despite this negative performance, the fund is still up 8.6% for the year. Market heavyweights Gulf Finance House (GFH) (-18.1%), Batelco (-6.6%) and Ahli United Bank (-5.6%) significantly contributed to the negative performance of the market. These shares account for around 40% of the Bahraini market and declined on very thin volumes. GFH was particularly affected by the decline in the Kuwaiti market due to its cross listing and the arbitrage opportunity that emerged. The recent declines in these and other blue-chips have brought these shares to compelling valuations, with limited downside potential.

Bahrain has not been as affected as its peers by the wave of foreign investor-led selling that the region has experienced. Although we expect this volatility to continue in the near future, the Bahraini market continues to offer amongst the best value companies in the region, with strong, sustainable growth prospects. We expect the return of regional market participants and an increase in volumes to coincide with the release of the 3<sup>rd</sup> Quarter earnings, and positively trigger the market going forward.

### Asset Allocation



### Sector Allocation



### Fund Statistics

Price Earnings Multiple 2008 (x)	8.7
Dividend Yield 2007 (%)	4.2
Number of Holdings	19
Annualized Return (%)	12.6
Largest Monthly Gain (%)	10.7 (May 07)
Largest Monthly Loss (%)	-5.3 (Sept 01)
% of Positive Months	65.9
Maximum Drawdown- Peak to Trough (%)	10.4
Length of Drawdown (months)	15
Time to Recovery (months)	10

### Investment Objective

SICO Selected Securities Fund invests principally in equity and debt securities listed or expected to be listed on the Bahrain Stock Exchange (BSE).

Returns	Fund (%)	Bahrain Index (%)
August 2008	-3.2	-4.1
YTD 2008 (Jan – Aug 08)	8.6	-2.7
Last 3 months	-1.3	-6.7
Last 6 months	-2.8	-7.0
Last 12 months	21.6	6.0
2007	31.4	24.2
2006	-0.5	1.0
2005	16.8	23.8
2004	35.5	32.7
2003	28.8	28.5
2002	12.3	3.4
2001	11.8	-2.5
Since Inception	238.6	112.3

Fund Inception was in May 1998

### Fund Information

Launch Date	May 1998
Management Fee	1.0%
Performance Fee	20% over 10% pa
Subscription & Redemption	Monthly
Subscription Deadline	Two Business days before month end
Redemption Deadline	Ten Business days before month end
Minimum Subscription	1,000 units
Reuters Code	<SSSF>
Fund Listing	Bahrain Stock Exchange
Custodian / Administrator	HSBC Securities

### Top Holdings

Name	Sector	(%)
Gulf Finance House	Financial	11.6
Ahli United Bank	Financial	11.6
Batelco	Telecom	10.5

### Risk Statistics

Annualised Standard Deviation	9.8
Sharpe Ratio	0.78
Information Ratio	0.61
Beta	0.58
Alpha (%)	6.1

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